



MANUFACTURERS HANOVER TRUST COMPANY

9-206A021

JUL 25 1979

350 PARK AVENUE, NEW YORK, N.Y. 10022

10666

RECORDATION NO. Filed 1425

Date _____

July 25, 1979 JUL 25 1979 - 8 45 AM

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
12th and Constitution Avenues, N.W.
Washington, D.C.

Washington, D.C.

*See page 2 for
Cross indexing -*

Re: Istel Corporation

Dear Sir:

(New Number)

Enclosed are eight executed counterparts of a Security Agreement, dated July 20, 1979 ("Security Agreement"), made and delivered by Istel Corporation ("Istel"), having its principal place of business at One Embarcadero Center, San Francisco, California 94111, to, in favor of and for the benefit of Manufacturers Hanover Trust Company, having an office at 350 Park Avenue, New York, New York 10022, as agent for certain lenders as set forth in the Security Agreement.

The railway equipment covered by the Security Agreement consists of the standard gauge general purpose boxcars, gondolas, hopper cars and intermodal flatbed cars listed on Schedule I attached hereto. The Security Agreement also constitutes an assignment to Manufacturers Hanover Trust Company, as agent, of the rail-car leases set forth in Schedule II hereto.

The undersigned requests that you record the Security Agreement in accordance with Section 11303 of

RECEIVED
JUL 25 1979
I.C.C.
FEE OPERATION BR.

10 Cross indexing under this line
10129, 9829, 9102, 10636, 9978, 9936, 9924, 9654
9838, 9073

C. D. P. to D. J. for 1 day & 10 Apple.
W. H. Harrison

Secretary

-2-

July 25, 1979

the Interstate Commerce Act, as amended and that the
Security Agreement be cross-indexed against each lease (10)
listed on said Schedule II (the recordation number and
date and hour of filing of each such lease being set
forth on said Schedule).

Also enclosed is our check payable to the
Interstate Commerce Commission, in the amount of the
prescribed fee for recording the enclosed documents *encl.*
\$100.00 for the cross indexing requested above.
Please return five original counterparts of the
Security Agreement, with the recording data stamped there-
on, to Allen H. Harrison, Jr. Esq., Wilmer, Cutler &
Pickering, 1666 K Street N.W., Washington, D.C. 20006.

Sincerely,

MANUFACTURERS HANOVER TRUST
COMPANY, as Agent

By Michael P. Zarrillo
Title: Vice President

SCHEDULE I

<u>Lessee</u>	<u>Road Numbers</u>	<u>(Units)</u>	<u>Description</u>
1. Minnesota, Dakota & Western Railway	MDW 6099	(1)	100-ton, 50' 6" Boxcars with 15" end-of-car cushioning, AAR Mechanical Designation "XM"
2. Bath & Hammondsport Railroad Company	BH 25101-25150, inclusive	(50)	70-ton, 50' 6" Boxcars, with 10" end-of-car cushioning, AAR Mechanical Designation "XM"
3. Greenville & Northern Railway Company	GRN 8100-8149, inclusive	(50)	70-ton, 50' 6" Boxcars, nail-able steel floor, sliding 10' door, cushioned underframe, AAR Mechanical Designation "XM"
4. Savannah State Docks Railroad Company	SSDK 1000-1099, inclusive	(100)	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
5. The Texas Mexican Railway Company	TM 400250-400299, inclusive	(50)	70-ton, flush deck Flat Cars, AAR Mechanical Designation "F/C"
6. American Rail Heritage, Ltd. d/b/a/ Crab Orchard and Egyptian Railroad	COER 100050-100099, inclusive	(50)	70-ton, 89' flush deck Flat Cars, AAR Mechanical Designation "F/C"
7. Providence and Worcester Company	PW 60301-60600, inclusive	(300)	100-ton, 60' general purpose Boxcars with 15" end-of-car cushioning, AAR Mechanical Designation "XM"
8. Cadiz Railroad Company	CAD 1117-1147, inclusive	(33)	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
9. The Corinth & Counce Railroad Company	CCR 6400-6499, inclusive	(100)	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
10. North Louisiana and Gulf Railroad Company	NLG 5551-5600, inclusive	(50)	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"

SCHEDULE II

LEASES

*Cross index
under each
of these:*

<u>Lessee and Date of Lease</u>	<u>Hour and Date</u>	<u>Interstate Commerce Commission Filing data</u> <u>Recorda- tion No.</u>
1. Minnesota, Dakota & Western Railway; July 26, 1978	February 22, 1979 (11:40 A.M.)	10129- <i>H</i>
2. Bath & Hammondsport Railroad Company; March 20, 1978	November 9, 1978 (3:30 P.M.)	9829- <i>C</i>
3. Greenville & Northern Railway Company; August 6, 1976	November 25, 1977 (1:15 P.M.)	9102- <i>H</i>
4. Savannah State Docks Railroad Company; July 24, 1978	July 18, 1979 (8:50 A.M.)	10636- <i>A</i>
5. The Texas Mexican Railway Company; March 15, 1978	October 17, 1978 (3:30 P.M.)	9778- <i>H</i>
6. American Rail Heritage, Ltd. d/b/a/ Crab Orchard and Egyptian Railroad; June 21, 1978	December 22, 1978 (3:55 P.M.)	9936- <i>B</i>
7. Providence and Worcester Company; March 13, 1978	December 19, 1978 (2:45 P.M.)	9924- <i>S</i>
8. Cadiz Railroad Company; November 10, 1976	January 10, 1977 (2:05 P.M.)	8654- <i>H</i>
9. The Corinth & Counce Railroad Company; April 29, 1977	May 27, 1977 (1:45 P.M.)	8838- <i>K</i>
10. North Louisiana and Gulf Railroad Company; July 21, 1977	November 10, 1977 (2:20 P.M.)	9073- <i>F</i>

7/25/79

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Allen H. Harrison, Jr. Esq.
Wilmer, Cutler & Pickering
1666 K. Street, N.W.
Washington, D.C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on 7/25/79 at 8:45am, and assigned recordation number(s). 10036

Sincerely yours,



Secretary

10129-A
9829-C
9102-G
10636-A
9778-H
9936-B
9924-D
8654-G
8838-K
9073-F

Enclosure(s)

SE-30
(3/79)

10666
RECORDATION NO. Filed 1425

JUL 25 1979 8 45 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

SECURITY AGREEMENT, dated July 20, 1979, made and delivered by ITEL CORPORATION, a Delaware corporation (the "Company"), having its principal place of business at One Embarcadero Center, San Francisco, California 94111, to, in favor of and for the benefit of MANUFACTURERS HANOVER TRUST COMPANY as agent (in such capacity, the "Agent") for the several Lenders (as hereinafter defined).

W I T N E S S E T H :

WHEREAS, the Company, Itel Container International B.V. ("BV"), the several banks signatories thereto (the "Banks") and the Agent are parties to an Amendment, Extension and Restructuring Agreement dated as of June 30, 1979 (the "Restructuring Agreement") pursuant to which several of the Banks have agreed to extend and increase their respective commitments (as such the "Extended Commitments") to make loans to the Company under the Credit Agreement, dated as of July 15, 1978 (as amended, the "Credit Agreement") among the Company, such Banks and the Agent (such Banks being herein called the "Extension Banks"); and

WHEREAS, the Company, certain of the Banks (the "Overrun Banks") and the Agent intend to enter into an Overrun Credit Agreement (the "Overrun Agreement") pursuant to which the Overrun Banks will make loans to the Company secured by the Collateral subject to this Security Agreement in an aggregate principal amount not in excess of \$75,000,000; and

WHEREAS, simultaneously with the execution and delivery of the Overrun Agreement, the Company, the Agent, the Banks, the Overrun Banks and the Extension Banks will execute and deliver an Inter-Creditor Agreement (the "Inter-Creditor Agreement"); and

WHEREAS, it is a condition, among others, to the making of loans by the Extension Banks under the Extended

Commitments and to the making of loans under the Overrun Agreement that the Company shall have executed and delivered this Security Agreement;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and in order to induce the Extension Banks and the Overrun Banks (hereinafter collectively the "Lenders") to make the loans under the Extended Commitments for which the Credit Agreement provides and the loans under the Overrun Agreement (such Agreements being hereinafter collectively called the "Lender Agreements") the Company hereby represents and warrants to, and covenants and agrees with, the Agent for the ratable benefit of the Lenders as follows:

1. Definitions. When used in this Security Agreement, the following terms shall have the following meanings:

"BV Lease" shall mean the lease or leases or any portion of any such lease or leases pursuant to which the Company now or hereafter leases Containers to BV.

"Collateral" shall have the meaning assigned in Section 2 of this Security Agreement.

"Containers" shall mean at any time marine cargo containers (that is to say receptacles with or without temperature or humidity control units) described in Schedule I hereto as supplemented by any Security Agreement Supplement and all marine cargo containers hereafter acquired by the Company (whether or not described in Schedule I hereto as so supplemented), having a configuration suitable for shipping small packages, bulk material or other general or specialized material that confines and protects the contents from loss or damage and can be handled in transit as a unit, any appurtenances or Non-Removable Improvements thereto or any other devices used in or on a particular container to protect the contents thereof, suitable for transport on container vessels or on the deck or in the holds (appropriately modified) of conventional cargo vessels or suitable for road transport on chassis or suitable for rail transport deck-mounted to intermodal flatbed cars.

"Equipment" shall mean (a) all Containers, Railcars and Trucks owned by the Company on the date hereof and listed on Schedule I hereto as supplemented by any Security Agreement Supplement, (b) any and all Containers, Railcars and Trucks hereafter acquired by the Company (whether or not described in Schedule I hereto) except for any Railcar, Container or Truck at least 80% of whose cost is financed by the vendor or manufacturer thereof or by anyone other than the Lenders under the Lender Agreements and (c) other types of equipment approved by the Steering Committee and specifically subjected to the Lien of this Security Agreement pursuant to a Security Agreement Supplement.

"Event of Default" shall mean and include (a) any of the events of default specified in Section 7 of the Credit Agreement or in Section 7 of the Overrun Agreement and (b) any default by the Company in the performance or observance of any covenant or agreement on its part hereunder.

"Leases" shall be the collective reference to all existing lease agreements (including, without limitation, the BV Lease), and any security for the payments under such lease agreements, between the Company, as lessor, and the lessees of any Equipment, but only to the extent that such lease agreements relate to Equipment subject to the Lien of this Security Agreement, which lease agreements are described in Schedule I hereto as supplemented by any Security Agreement Supplement and all lease agreements between the Company, as lessor, and the lessees of any Equipment which is hereafter created or acquired by the Company (whether or not described in Schedule I hereto as so supplemented), but only to the extent that such lease agreements relate to Equipment subject to the Lien of this Security Agreement.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance or other claim, or preference, priority (statutory or otherwise) or other security

agreement or arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction).

"Non-Removable Improvement" shall mean any addition or improvement incorporated in or installed on or attached to any Railcar, Truck, Container or other piece of Equipment which is not readily removable without causing material damage to such item of Collateral or without diminishing or impairing the utility or condition which such item of Collateral would have had at the time of removal had such addition or improvement not been made.

"Obligations" shall mean and include all of the obligations and liabilities of the Company to the Lenders and the Agent, now existing or hereafter incurred, under, arising out of or in connection with the Overrun Agreement, the promissory notes issued under the Overrun Agreement, the Extension Notes or the Extended Commitments referred to in paragraph 3 of the Restructuring Agreement, the Intercreditor Agreement and any other instrument, document or agreement entered into with respect to the loans made under the Extended Commitments and the Overrun Agreement (including, without limitation, this Security Agreement).

"Proceeds" shall have the meaning assigned to it under the Uniform Commercial Code of the State of New York and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty paid or payable to the Company from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) paid or payable to the Company from time to time in connection with any requisition,

confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral including, without limitation, Rentals and any amounts paid or payable to the Agent as a secured creditor for the benefit of the Lenders in connection with any case or proceeding in bankruptcy.

"Railcars" shall mean at any time the standard gauge general purpose boxcars, gondolas, hopper cars or intermodal flatbed cars described in Schedule I hereto as supplemented by any Security Agreement Supplement and all standard gauge boxcars, gondolas, hopper cars or intermodal flatbed cars hereafter acquired by the Company (whether or not described in Schedule I hereto as so supplemented), together with (i) any and all parts, mechanisms, devices and replacements from time to time incorporated in or installed on or attached to any of such boxcars, gondolas, hopper cars or flatbed cars, (ii) any and all additions and improvements from time to time incorporated in or installed on or attached to any of such boxcars, gondolas, hopper cars or flatbed cars pursuant to any requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements thereto.

"ratable benefit of the Lenders" shall mean the ratable benefit of the Lenders in accordance with the terms of the Inter-Creditor Agreement.

"Rentals" shall mean all rents, fees, lease payments and all other amounts due or to become due to the Company in respect of the Equipment under any Lease or from any lessee or other user of any Equipment including without limitation in the case of Railcars all per diem, incentive per diem, mileage and other charges.

"Security Agreement" shall mean this Security Agreement as the same may from time to time be modified, supplemented or amended.

"Security Agreement Supplement" shall mean a supplement to this Security Agreement, substantially in the form annexed hereto as Exhibit 1, executed and delivered pursuant hereto.

"Steering Committee" shall be the collective reference to the Lenders whose names are set forth on Schedule II hereto.

"Trucks" shall mean at any time tractors, tractor trailers, motor vehicles (other than passenger vehicles) and combinations of the foregoing described in Schedule I hereto as supplemented by any Security Agreement Supplement and all tractors, tractor trailers, motor vehicles (other than passenger vehicles) and combinations of the foregoing hereafter acquired by the Company (whether or not described in Schedule I hereto as so supplemented), together with (i) any and all parts, mechanisms, devices and replacements from time to time incorporated in or installed on or attached to any of the foregoing items, (ii) any and all additions and improvements from time to time incorporated in or installed on or attached to any of the foregoing items pursuant to any requirement of law or governmental regulation and (iii) any and all Non-Removable Improvements thereto.

Terms defined in the Credit Agreement or the Overrun Agreement, unless otherwise defined herein, are used herein with their defined meanings in said Agreements.

2. Grant of Security Interest; After-Acquired Equipment; Further Assurances. (a) As collateral security for the prompt and complete payment when due of all the Obligations, the Company hereby

(i) pledges, mortgages, transfers, assigns and conveys to the Agent for the ratable benefit of the Lenders, and grants to the Agent for the ratable benefit of the Lenders a continuing Lien on and security interest in and to, any and all Equipment, and in and to any and all additions, accessions

(including any tires or safety equipment) and substitutions thereto or therefor, including, without limitation, any and all parts, replacements, attachments, accessories and repairs; and

(ii) assigns, conveys, mortgages, pledges and transfers to the Agent for the ratable benefit of the Lenders, and grants to the Agent for the ratable benefit of the Lenders a continuing Lien on and security interest in, all of the right, title and interest of the Company in, to and under the Leases, including, without limitation, all right, title and interest of the Company in and to all Rentals, issues, profits, revenues and other income arising under any of the Leases and other moneys due and to become due to the Company under any of the Leases, all Proceeds of and all claims for damages arising out of the breach of any of the Leases, the right of the Company to terminate any of the Leases and to compel performance of the terms and provisions thereof, and all chattel paper, contracts, instruments and other documents evidencing any of the Leases or any moneys due or to become due thereunder or related thereto; and

(iii) any and all Proceeds of any of the foregoing;

(all such property, property rights and Proceeds being hereinafter called the "Collateral").

(b) All property of every kind acquired by the Company after the date hereof and required or stated to be subject to the Lien of this Security Agreement in accordance with the terms hereof shall immediately and without any further mortgage, agreement, assignment, or security agreement become subject to the Lien and security interest of this Security Agreement as fully as though now owned by the Company and specifically referred to in this Section 2.

(c) The Company, at its own expense, will take all action required by the Agent from time to time in order that the Lien of the Agent, for the ratable benefit

of the Lenders, under this Security Agreement will be perfected, maintained and protected against all third parties whomsoever, to the maximum extent permitted by or available under applicable law. Without limiting the generality of the foregoing, the Company will execute, acknowledge, witness and deliver such financing statements, notices, additional security agreements, Security Agreement Supplements, mortgages, supplements, certificates, or other evidences of title, warranty bills of sale and assignments and other title documents or security instruments, make such notations on its records and take such other action, all to such extent and in such manner as the Agent, at the direction the Steering Committee, may reasonably request for the purpose of so perfecting, maintaining and protecting such Lien of the Agent, for the ratable benefit of the Lenders; and the Company will, at its own expense, cause this Security Agreement and each such financing statement, notice, additional security agreement, Security Agreement Supplement, mortgage or assignment or other security instrument to be filed or recorded in such manner and in such places as may be required (or as the Agent, at the direction of the Steering Committee, may request) for such purpose. The Company authorizes the Agent to sign and file financing statements at any time with respect to the security interests created herein without the signature of the Company. Each and every executed copy of each of the Leases which the Company directly or indirectly has in its control or possession shall have inscribed thereon a notice indicating the Agent's interest therein and one original counterpart of each such Lease shall be delivered to the Agent.

3. Collections. From and after the date of this Security Agreement, the Company shall establish or continue to maintain accounts ("Lease Accounts") with the Lenders designated on Schedule III hereto, at their respective offices set forth opposite their names on said Schedule. The Company (a) will instruct each lessee under each Lease (other than any Lease of Railcars) to pay all Rentals due to the Company under such Lease to one of the Lease Accounts and will indicate on all billings to such lessees that such amounts must be paid to one of the Lease Accounts and (b) will take such steps as may be necessary or as may be requested by the Agent, at the direction of

the Steering Committee, to insure that all Rentals payable to the Company under any Lease of Railcars are deposited in one or more separate Lease Accounts and, so long as maintained in such Lease Accounts, constitute identifiable cash proceeds for purposes of Section 9-306 of the Uniform Commercial Code of the State of New York. No funds of the Company other than amounts deposited in accordance with the preceding sentence shall be deposited in any Lease Account or otherwise commingled with the funds on deposit in the Lease Accounts. The Company is authorized to collect the Rentals and to utilize amounts on deposit in the Lease Accounts in the ordinary course of its business subject to all the rights and remedies granted to the Agent in paragraphs 6 and 7 of this Security Agreement.

4. Representations and Warranties. The Company hereby represents and warrants that:

(a) Its chief place of business and its chief executive offices are located at One Embarcadero Center, San Francisco, California 94111. Its records concerning the Leases and the Rentals are kept only at (i) in the case of Railcars and Containers at Two Embarcadero Center, San Francisco, California 94111 and (ii) in the case of Trucks at 55 Francisco Street, San Francisco, California 94111.

(b) Except for the security interest granted to the Agent for the ratable benefit of the Lenders pursuant to this Security Agreement, the Company is the sole owner of each item of the Equipment, and has good and marketable title thereto, free and clear of any and all Liens but subject to the rights of lessees thereof.

(c) No security agreement, financing statement, equivalent security or lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed by the Company in favor of the Agent for the ratable benefit of the Lenders, pursuant to this Security Agreement and such Leases of Railcars as may have been filed with the Interstate Commerce Commission.

(d) Each of the Trucks listed in Part A of Schedule I hereto is or will be covered by a certificate of title issued pursuant to the laws of a State of the United States of America, and each such certificate bears or when issued will bear a reference to the security title or first priority security interest of the Agent in such Truck.

(e) The Containers listed in Part B of Schedule I hereto constitute "goods which are mobile and which are of a type normally used in more than one jurisdiction" within the meaning of Section 9-103(3) of the Uniform Commercial Code of the State of California, and none of said Containers is covered by a certificate of title issued pursuant to the laws of any State.

(f) The Railcars listed in Part C of Schedule I hereto constitute "goods which are mobile and which are of a type normally used in more than one jurisdiction" as referred to in paragraph (e) above, and none of said Railcars is covered by a certificate of title issued pursuant to the laws of any State. Said Railcars constitute rolling stock subject to the filing and perfection provisions of Section 11303 of the Interstate Commerce Act and the rules and regulations thereunder.

(g) Each Truck will be registered in a State which has a statute setting up a formal mode of transferring title to property such as the Trucks and which provides for the issuance by an agency of such State of certificates, or other formal evidences, of title to property such as the Trucks, and the Company has delivered or will deliver to the Agent (i) the certificate of title to each Truck and (ii) a copy, certified by the Company to be true and complete, of the certificate of registration of each Truck, if any, assigned by the Company to an office in any jurisdiction in which a certificate of registration issued by the jurisdiction may be obtained for such Truck, which certificates of title shall bear a reference to the first priority security interest of

the Agent and, if the law of such jurisdiction permits the notation of security interests on certificates of registration, which certificates of registration shall bear a reference to the first priority security interest of the Agent.

(h) It has delivered to the Agent copies, certified to be true and correct by a Responsible Officer of the Company, of a warranty bill of sale from the manufacturer of the Railcars and Containers listed on Schedule I hereto, transferring to the Company good title to such Railcars and Containers free and clear of all Liens.

(i) It has delivered to the Agent at least one original counterpart of each Lease described in Schedule I hereto and has inscribed each other executed counterpart of such Lease which it directly or indirectly has in its control or possession to reflect the interest of the Agent therein.

(j) When (i) appropriate financing statements describing (A) the Leases, if any, relating to the Trucks listed in Part A of Schedule I hereto (as from time to time supplemented) and (B) the Containers listed in Part B of Schedule I hereto (as from time to time supplemented) and any Leases relating thereto have been filed with the Secretary of State of the State of California, (ii) the security interests created hereby have been duly noted on the certificate of title (and if required, the certificate of registration) of each Truck listed in Part A of Schedule I hereto (as from time to time supplemented), and (iii) appropriate financing statements describing the Railcars listed in Part C of Schedule I hereto (as from time to time supplemented) and any Leases thereof have been filed with the Secretary of State of the State of California, and this Security Agreement, and any Leases and Security Agreement Supplements covering Railcars, have been filed with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act and the rules and regulations thereunder, this Security Agreement will create a valid and continuing first lien on and first security interest in the Collateral in favor of the Agent for the ratable benefit of the

Lenders, prior and superior to all other Liens, (other than non-consensual Liens on the Containers or Railcars, if any, created by or under the laws of jurisdictions outside the United States of America) and such security interest will be enforceable as such against creditors of and purchasers from the Company; and all filings, registrations and other actions necessary or desirable in order to establish, preserve, protect and perfect such security interest as a valid first perfected security interest in the Collateral will have been duly effected.

(k) The execution, delivery and performance of this Security Agreement and each Security Agreement Supplement will not violate any provision of any law or regulation, or of any order, writ, judgment, injunction, decree or award of any court or governmental instrumentality, or of the Certificate of Incorporation or By-Laws of the Company or any Subsidiary, and will not conflict with, result in the breach of, be inconsistent with, constitute a default under, or result in the creation or imposition of any Lien upon any assets of the Company or any Subsidiary pursuant to, any mortgage, indenture, assignment, contract or agreement or other undertaking to which the Company or any Subsidiary is a party or which purports to be binding upon the Company or any Subsidiary or their respective assets.

(l) The Company has the corporate power to execute, deliver and perform this Security Agreement and each Security Agreement Supplement and has taken all necessary corporate action to authorize the execution, delivery and performance of this Security Agreement and each Security Agreement Supplement.

(m) The execution, delivery and performance of this Security Agreement and each Security Agreement Supplement do not require the consent of any other party (including stockholders of the Company) or the consent, license, approval or authorization of, exemption by, or registration or declaration

with, any governmental body, authority, bureau or agency (other than such as are contemplated in paragraph 4(j) hereof).

(n) This Security Agreement constitutes, and each Security Agreement Supplement will constitute, a valid agreement of the Company, legally binding upon it and enforceable in accordance with its terms.

(o) There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary before any court, arbitrator or administrative or governmental body which affects the transactions contemplated by this Security Agreement or which will materially adversely affect the business, operations or condition, financial or otherwise, of the Company and the Subsidiaries taken as a whole.

(p) Each existing Lease has been duly authorized, executed and delivered by the Company and the lessee thereunder and constitutes a valid and binding obligation of the Company and such lessee, enforceable in accordance with its terms; neither the Company nor (to the best of the Company's knowledge) the lessee (except as noted below) under any existing Lease is in default in the performance or observance of any covenant, term or condition contained in such Lease, and no event has occurred and no condition exists which constitutes, or which with the lapse of time or the giving of notice or both would constitute, an event of default under any Lease except a default in the payment of Rentals by one lessee under a Lease of Railcars ("P&W Lease") as specifically described in a letter from the Company to the Lenders dated July 18, 1979 and heretofore delivered to the Lenders. The Company has fully performed all its obligations under each existing Lease, and the right, title and interest of the Company in, to and under each existing Lease is not subject to any defense, offset, counterclaim or claim, nor have any of the foregoing been asserted or alleged against the Company as to any existing Lease.

5. Certain Agreements of the Company with respect to the Collateral. The Company covenants and agrees as follows:

(a) The Company will not sell or offer to sell, assign, convey, lease or otherwise dispose of any Equipment or Lease or any interest therein or in any Proceeds or modify the terms of any existing Lease or terminate any existing Lease (except at the close of the stated term of such Lease) without the prior written consent of the Agent except that (i) the Company may terminate the P & W Lease, (ii) in the ordinary course of its business as a leasing corporation the Company may make items of Equipment that are subject to the Lien of this Security Agreement and not subject to an existing Lease (other than the P & W Lease) available to lessees pursuant to equipment leasing agreements to which the Company is a party as lessor and which are on terms substantially the same as those that would be found in similar agreements entered into in arms'-length transactions by lessors similar to the Company leasing similar equipment; provided that, in accordance with the terms hereof each such leasing agreement shall, promptly upon the execution and delivery thereof, be subject to the Lien of this Security Agreement and shall be described in a Security Agreement Supplement executed and delivered by the Company and the Agent and the original thereof shall be delivered to the Agent and each executed counterpart thereof shall have the Lien of this Security Agreement noted thereon and (iii) in the ordinary course of its business the Company may sell any Truck, and any Lease thereof, to third parties if (A) such sale is on fair and reasonable terms, generates net cash proceeds (net of the necessary and reasonable costs and expenses associated with such sale) at least equal to the "cost" (as defined in subparagraph 4(c) of the Restructuring Agreement) of such Truck, (B) all such net cash proceeds are applied to the prepayment of the Obligations in the order provided in subparagraph 5(e) of the Restructuring Agreement and (C) the Commitments under the Overrun Agreement and the Extended Commitments are reduced as provided in said subparagraph 5(e). Upon any sale in accordance with clause (iii) immediately preceding, the Agent shall take such steps as may be necessary to release its Lien under this Security Agreement upon any such Truck or Lease.

(b) The Company will keep the Equipment in good order and repair, ordinary wear and tear excepted, and shall not waste, destroy or abandon the Equipment or any part thereof except for (A) Equipment that, in the good faith judgment of the Company, is worn-out, obsolete or without economic value and (B) immaterial amounts of Equipment destroyed or abandoned by lessees in the ordinary course from time to time. The Company will not use, and will not permit the use of, the Equipment in violation of any statute or ordinance or in violation of the provisions of any policy of insurance covering the Equipment, or for any purpose not covered by insurance. The Company will not remove or permit to be removed from any Equipment any Non-Removable Improvement.

(c) The Company will pay, or cause to be paid, promptly when due all license and registration fees, all taxes (including income, franchise, sales, use, personal property and stamp taxes) and other assessments upon the Equipment or for its use or operation.

(d) The Company agrees that if any of the Equipment shall be lost, destroyed, stolen, requisitioned, expropriated or otherwise rendered inoperable or unserviceable, it shall either (i) promptly replace and substitute such Equipment with equipment substantially the same in type, function and purpose, having a depreciated book value not less than the depreciated book value of the Equipment lost, destroyed, stolen, requisitioned, expropriated or otherwise rendered inoperable or unserviceable, and all such substituted equipment shall constitute Equipment and shall immediately and without any further security agreement constitute Collateral subject to the security interest of the Agent under this Security Agreement or (ii) make a mandatory prepayment on account of the Obligations in the amount of the "cost" (as defined in subparagraph 4(c) of the Restructuring Agreement) of such item of Equipment, which mandatory prepayment shall be applied as provided in subparagraph 5(e) of the Restructuring Agreement and shall result in the

reduction of the Extended Commitments and the Commitments under the Overrun Agreement as provided in said subparagraph 5(e).

(e) The Company will, at its own expense, keep the Equipment insured with responsible and substantial insurance companies against loss or damage by fire, explosion and other casualties as are customarily insured against in the business in which the Company is engaged, in such amounts and under policies with such terms (including, without limitation, a breach of warranty provision in favor of the Agent, a provision that such insurance policy will not be cancelled or its coverage reduced without 10 days' prior written notice to the Agent and a provision that in no event shall the Agent or any Lender be liable for any premiums or other payments on account of such policy) as the Steering Committee may reasonably require and the Company will have the Agent named as a loss payee as its interest may appear under each insurance policy relating to loss or damage of the Equipment; provided that, with respect to any Equipment (other than Railcars), so long as the Company in good faith seeks to require compliance with Leases pursuant to the terms of which the lessees thereof have undertaken such obligations with respect to such Equipment (including the obligation to have the Agent named as loss payee as its interest may appear under such insurance policies), the Company shall not be obligated under this subparagraph (e) until the Company has knowledge of any such lessee's breach of its undertaking.

(f) The Agent and the members of the Steering Committee shall have at all times the right, insofar as the Company can grant such right, to enter into and upon any premises where any of the Equipment is located for the purpose of inspecting the same, observing its use or otherwise protecting the Agent's security interest therein.

(g) The Company will comply, in all material respects, with all acts, rules, regulations, orders, decrees and directions of any governmental authority, applicable to the Equipment or any part thereof or

to the operation of the Company's business; provided, however, that the Company may contest any act, regulation, order, decree or direction in any reasonable manner which shall not in the sole opinion of the Steering Committee adversely affect the Lenders' rights or the first priority of the Agent's security interest in the Collateral.

(n) The Company will pay promptly when due all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of its income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies), except that no such charge need be paid if (i) the validity thereof is being contested in good faith by appropriate proceedings, (ii) such proceedings do not involve, in the sole opinion of the Steering Committee any danger of the sale, forfeiture or loss of any of the Collateral or any interest therein and (iii) such charge is adequately reserved against in accordance with generally accepted accounting principles; provided that, with respect to any Equipment (other than Railcars), so long as the Company in good faith seeks to require compliance with Leases pursuant to the terms of which the lessees thereof have undertaken such obligations with respect to such Equipment, the Company shall not be obligated under this paragraph (h) until the Company has knowledge of any such lessee's breach of its undertaking.

(i) The Company will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral, and will defend the right, title and interest of the Agent for the ratable benefit of the Lenders in and to any of the Company's rights to the Collateral against the claims and demands of all persons whomsoever.

(j) The Company will advise the Banks promptly, in reasonable detail, (i) of any Lien placed on or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral and (iii) of the occurrence of any other event

which would have a material effect on the aggregate value of the Collateral or on the security interests created hereunder.

(k) The Company will keep, or cause to be kept, at all times at least 90% (by number) of the Trucks and 90% (by number) of the Railcars in the continental United States (including the State of Alaska); provided that, the Company will as soon as possible after any Railcar becomes subject to the Lien and security interest of this Security Agreement, at its sole cost and expense, (i) record, register or file this Security Agreement and any Security Agreement Supplement (or any financing statement or similar notice) in each Province of Canada in which the Company is permitted under applicable law to make such recording, registration or filing in order to perfect and protect the Lien and security interest of this Agreement on such Railcar, and (ii) deliver to the Agent an opinion of Canadian counsel to the Company to the effect that all such recordings, registrations and filings have been duly made and no other recording, registration or filing is necessary in order to protect in such Province the rights of the Agent under this Security Agreement against any and all subsequent purchasers or mortgagees from or of the Company or from creditors of the Company. Upon completion of the actions described in the proviso to the preceding sentence with respect to any Railcar, the term "continental United States" as used in this subparagraph shall be deemed to include Canada with respect to such Railcar.

(l) The Company will not change its principal place of business from the City of San Francisco, California or change the places where its records with respect to the Collateral are kept from those specified in subparagraph 4(a) hereof.

(m) If the Agent, at the direction of the Steering Committee, shall so request, the Company will furnish to the Agent from time to time statements and schedules (including, without limitation, Security Agreement Supplements) further identifying and describing the Collateral and such other reports

(including Railcar utilization reports in connection with the Collateral) in such detail in connection with the Collateral as the Agent, at the direction of the Steering Committee, may request. The Company will cause each item of Equipment to be kept numbered with the identifying number or combination of letters and numbers therefor by which such Equipment is identified on Schedule I hereto. If the Agent, at the direction of the Steering Committee, shall request, the Company shall place on each major item of Equipment (to the extent not already done) a stencil or other similar notice identifying the security interest of the Agent therein or, in the case of Railcars, stating that each such Railcar is subject to a security interest recorded with the Interstate Commerce Commission.

(n) The Company will, as promptly as possible, cause BV to assign to it (subject to the rights of any sublessee), as collateral security for all amounts due and to become due and payable to the Company under the BV Lease on account of any Container, all subleases of the Containers and all rents, fees, lease payments and all other amounts due or to become due to BV from any sublessee or other user of any Container leased by the Company to BV. Such assignments shall be in form and substance satisfactory to the Steering Committee.

6. Power of Attorney. (a) The Company hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Company and in the name of the Company or in its own name, from time to time in the Agent's discretion, for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives the Agent the power and right, on behalf of the Company, without notice to or assent by the Company to do the following:

(i) upon default by the Company in the performance of subsections 5(c), 5(e) or 5(h) the Agent may, but shall not be obligated to, (A) effect any insurance called for by the terms of subsection 5(e) and pay all or any part of the premiums therefor and the costs thereof and (B) pay and discharge any taxes, duties, charges, fees or imposts with respect to the Collateral and discharge any Liens on the Collateral; and

(ii) upon the occurrence and continuance of any Event of Default, (A) to receive payment of and receipt for any and all Rentals, moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (B) to sign and indorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications and notices in connection with accounts and other documents relating to the Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against the Company with respect to any Collateral; (E) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; (F) to notify, in the name of the Agent or in the name and on behalf of the Company, any lessee of Equipment that the Leases and the Rentals have been assigned to the Agent, for the ratable benefit of the Lenders, and that payment thereof should be made to the Agent; and (G) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and the Company's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve or realize upon the Collateral and the Agent's security interest therein, in order

to effect the intent of this Agreement, all as fully and effectively as the Company might do.

The Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

(b) The powers conferred on the Agent hereunder are solely to protect its interests on behalf of the Lenders in the Collateral and shall not impose any duty upon it to exercise any such powers. The Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for its or their own gross negligence or willful misconduct. It is expressly agreed by the Company that, anything herein to the contrary notwithstanding, the Agent shall not have any obligation or liability under any contract for the purchase of Equipment or under any Lease by reason of or arising out of this Security Agreement nor shall the Agent be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to any contract for the purchase of Equipment or under any Lease, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any performance by any party under any such contract or Lease, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any Rentals or other amounts which may have been assigned to it or to which it may be entitled at any time or times.

(c) The Company authorizes the Agent, at any time and from time to time, to execute, in connection with the sale provided for in paragraph 7(b) of this Security Agreement, any indorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(d) If the Company fails to perform or comply with any of its agreements contained herein or under any Lease the Agent may, but shall have no obligation to,

itself perform or comply, or otherwise cause performance or compliance, with such agreement, and the expenses of the Agent incurred in connection with such performance or compliance, together with interest thereon at the highest rate then applicable to the principal amount of any of the Obligations, shall be payable by the Company to the Agent on demand and shall constitute Obligations secured hereby.

7. Remedies. If an Event of Default shall occur and be continuing:

(a) All Rentals and Proceeds received by the Company in connection with or arising out of any of the Collateral shall be held by the Company in the Lease Accounts (in the case of Rentals) or otherwise in trust for the Agent for the ratable benefit of the Lenders, shall be kept segregated from other funds of the Company and shall forthwith upon receipt by the Company, be turned over to the Agent, in the same form as received by the Company (duly indorsed by the Company to the Agent, if required); upon the occurrence of any Event of Default the Company hereby authorizes and directs each Lender who may then be maintaining a Lease Account to withdraw any sums then or thereafter on deposit in said Lease Account and pay the same over to the Agent at its request, without any further notice or authorization by the Company of any kind whatsoever; any and all such payments so received by the Agent (whether from the Company or otherwise) shall be held by the Agent as collateral security for, and/or then or at any time thereafter applied in whole or in part by the Agent against, all or any part of the Obligations then due in accordance with the terms of the Inter-Creditor Agreement. Any balance of such payments held by the Agent and remaining after payment in full of all the Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive the same;

(b) The Agent may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the

Obligations, all rights and remedies of a secured party under the Uniform Commercial Code of the State of New York subject to the rights of any lessees of such Equipment. Without limiting the generality of the foregoing, the Company expressly agrees that in any such event the Agent, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon the Company or any other person (all and each of which demands, advertisements and/or notices are hereby expressly waived), may forthwith assemble, collect, receive, appropriate and realize upon the Collateral, or any part thereof and may take possession of the Equipment (subject to the rights of lessees as aforesaid) and/or (subject as aforesaid) may forthwith sell, assign, give option or options to purchase, or sell, lease or otherwise dispose of and deliver said Collateral, or any part thereof, in any manner permitted by applicable law (or contract to do so) in one or more parcels at public or private sale or sales, at the office of any broker or at any of the Agent's offices or elsewhere at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk, with the right of any Lender upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral so sold, free of any right of equity of redemption in the Company, which right or equity is hereby expressly waived and released. If any notification of intended disposition of any of the Collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition, postage prepaid, addressed to the Company at One Embarcadero Center, San Francisco, California 94111. The Company further agrees, at the Agent's request, to assemble the Equipment, subject to the rights of any lessees thereof and make it available to the Agent at places which the Agent shall reasonably select. The Agent shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale or any other proceeds arising out of the enforcement of the Agent's rights

hereunder, after deducting all reasonable costs and expenses of every kind incurred therein or incidental to the care, safekeeping or otherwise of any or all of the Collateral or in any way relating to the rights of the Agent hereunder, including reasonable attorney's fees and legal expenses, to the payment in whole or in part of the Obligations in accordance with the Inter-Creditor Agreement, the Company remaining liable for any deficiency remaining unpaid after such application, and only after so paying over such net proceeds and after the payment by the Agent of any other amount required by any provision of law, including Section 9-504(1)(c) of the Uniform Commercial Code of the State of New York, need the Agent account for the surplus, if any, to the Company. To the extent permitted by applicable law, the Company waives all claims, damages, and demands against the Agent or any Lender arising out of the repossession, retention or sale of the Collateral. The Company shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which the Agent and the Lenders are entitled, the Company also being liable for the fees of any attorneys employed by the Agent or any Lender to collect such deficiency. The Company hereby waives presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral; and

(c) Without limiting the generality of the foregoing paragraph (b), the Agent may demand possession of any of the Railcars and the Company will, as soon as possible and subject to the rights of any lessee thereof, cause such Railcars to be drawn to such point or points as shall reasonably be designated by the Agent and will there deliver or cause to be delivered the same to the Agent; or, at the option of the Agent, the Agent may keep such Railcars, at the expense of the Company, on any lines of railroad or premises approved by the Agent until the Agent shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Security Agreement, and upon

application to any court having jurisdiction in the premises, the Agent shall be entitled to a decree against the Company, requiring the specific performance thereof.

(d) Beyond the use of reasonable care in the custody thereof, the Agent shall not have any duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

8. Miscellaneous. (a) Any notice hereunder to any party shall be made or given, and shall be effective, as provided in subsection 9.3 of the Credit Agreement or subsection 9.3 of the Overrun Agreement.

(b) Neither the Agent nor any member of the Steering Committee shall by any act, delay, omission or otherwise be deemed to have waived any of its or their rights or remedies hereunder and no waiver shall be valid unless in writing, signed by the Agent, and then only to the extent therein set forth. A waiver by the Agent of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Agent would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of the Agent, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended nor any Collateral released from the Lien of this Security Agreement except (i) as expressly provided herein with respect to the sale of Trucks and (ii) by an instrument in writing, duly executed by the Agent, with the written consent of the Lenders.

(c) The Company agrees to pay all costs of the Agent and the Lenders, including attorneys' fees,

incurred with respect to the collection of any of the Obligations and the enforcement of any of its or their rights hereunder.

(d) The Company hereby waives presentment, demand, protest or any notice (to the extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(e) Wherever possible, each provision of this Security Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Security Agreement.

(f) This Security Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and, without limiting the foregoing, all rights and powers hereunder or with respect hereto of the Agent, or any agent or representative of the Agent, may be exercised by any successor or assignee of the Agent, or any agent or representative of such successor or assignee.

(g) This Security Agreement shall be governed by, and construed in accordance with, the law of the State of New York, except as required by mandatory provisions of state or federal law and except to the extent that the validity or perfection of the security interest hereunder, in respect of any particular Collateral are governed by the laws of any other jurisdiction and then only to the extent so governed.

(h) The Company agrees to pay, and to save the Agent harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other taxes which may be payable or determined to be payable with respect to any of the

Collateral or in connection with any of the transactions contemplated by this Security Agreement.

IN WITNESS WHEREOF, the Company and the Agent have, by their officers thereunto duly authorized, executed and delivered this Security Agreement as of the day and year first above written.

ITEL CORPORATION

By

E. C. L. [Signature]

Title: Assistant Secretary

(SEAL)

MANUFACTURERS HANOVER TRUST
COMPANY, as Agent

By

Michael P. Zinn

Title: Vice President

(SEAL)

STATE OF NEW YORK)
) ss.
 COUNTY OF NEW YORK)

On this 24th day of July, 1979, before me personally appeared E.C. Hall, to me personally known, who being by me duly sworn, says that he is the Assistant Secretary of ITEL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Laurel A. Nichols
 Notary Public

LAUREL A. NICHOLS
 Notary Public, State of New York
 No. 31-4637817
 Qualified in New York County
 Expires March 30, 1980

STATE OF NEW YORK)
) ss.
 COUNTY OF NEW YORK)

On this 24th day of July, 1979, before me personally appeared Michael P. Zarrilli, to me personally known, who being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

Laurel A. Nichols
 Notary Public

LAUREL A. NICHOLS
 Notary Public, State of New York
 No. 31-4637817
 Qualified in New York County
 Expires March 30, 1980

SCHEDULE I, Part A
TRUCKS

<u>Manufacturer</u>	<u>Model</u>	<u>No. of Units</u>	<u>Serial Nos.</u>	<u>Vehicle ID Nos. (if available and if different than Serial Nos.)</u>	<u>State Issuing Certificate of Title</u>
1. Mack	4612ST	15	1510-1524, inclu- sive		
2. White Motor Co.	RB2	30	29851-29880, in- clusive		
3. KW	K100	50	271417K-271466K, inclusive		
4. Ford Motor Company	CLT9000	21	X98WVFC5982- X98WVFC5992, in- clusive; X98UVFJ7839- X98UVFJ7840, inclusive; X98UVFJ7532- X98UVFJ7533, inclusive; X98UVFJ841- X98UVFJ843		
5. Interna- tional Har- vester Com- pany	COF4070	75	See Attachment 1 hereto		
	F4370	5	24242, 24347, 24349, 24352, 24618		
	COF4070	125	See Attachment 2 hereto		

Attachment 1
to Schedule I,
Part A

17903	18328	18882
17906	18160	18865
17927	18300	18718
18062	18295	18693
18090	18352	18684
18101	18316	18667
17947	18348	12848
17944	18291	18645
17942	18514	18629
17940	18519	18614
17938	18527	18599
17935	18532	18579
17933	18546	18556
17930	18537	18551
17924	18360	18523
17922	18123	18113
17919	18285	12856
17917	18356	18905
17914	18542	18916
17911	18560	18676
17908	18565	18710
18075	18570	18854
18135	18575	18655
17949	18584	
18148	18700	
18154	18895	

Attachment 2
to Schedule I,
Part A

21421	21436	21454	21472	21491	21537
21424	21439	21457	21475	21494	21542
21427	21444	21460	21479	21498	21548
21430	21447	21462	21481	21505	21556
21433	21450	21466	21484	21514	21560
		21469	21487	21519	21566
				21525	21573
				21531	

21577	21604	21625	21653	21719
21584	21608	21629	21656	21722
21589	21611	21632	21662	21725
21597	21619	21635	21705	21728
21600	21615	21639	21708	21732
	21622	21644	21711	21735
		21647	21714	21739
			21717	21742
				21750
				21756
				21766
				21779

14333	15474	15488	15506	15521	15537	15554
15465	15477	15491	15508	15524	15539	15559
15468	15481	15496	15510	15526	15542	15563
15471	15484	15500	15512	15528	15545	15569
	15486	15503	15515	15531	15548	15573
			15518	15534	15551	15580

15588	15633
15597	15639
15602	15643
15608	15645
15614	15648
15621	
15626	

SCHEDULE I, Part B

CONTAINERS

20' STEEL

MORTEO PO 233 (400 Units)

SSIU 360753,781,784,798,812-828,830-842,844-857,
865,870,871,874,877,880,882-892,894-972,984,986-
988,990-361240

COBRA PO 303 (700 Units)

ITLU 608401-900, 609251-450

INTERACO PO 300 (335 Units)

ITLU 607371-585,587,588,591-594,596-603,606-611,
613-622,624,626,628-632,634,639,641,642,648,657,
658,662,666,678,680,686,696,713,721,724,727,729-
731,733,734,739,740,742,745-748,750-752,755,757,
758,760,762,764,769,775,777,778,780-782,785-791,
793-795,798,801-804,806,808,809,812,813,815,816,
819,821,823-829,832-834,837,839,841,843-845,849,
851,852,854,855,859-861,863,866,867,869

SGP PO 274 (500 Units)

ITLU 602341-840

SIC PO 267 (200 Units)

ITLU 600901-601100

SIC PO 277 (139 Units)

ITLU 608022,024,027,028,032-034,037,039-043,
045,047-052,054,056-059,064,066,071-093,095-
103,106,108,112-116,121,122,124-134,136-143,
146-148,150-163,165,167,168,174,176,178-182,
184-186,189-194,197-200,202-204,206-209,211,
217,219,220

NORDPLAT PO 305 (93 Units)

ITLU 609053-058,064,065,067,070-072,079,084-086,
090-093,095,097,101-150,152,154-161,163-
165,167-175

HENRED PO 268 (338 Units)

ITLU 601101-147,149-159,163-170,172,174-182,184-196,
198-200,202-228,231-250,252-373,376,378-383,
385-393,395-408,410-414,417,418,420,422-425,
427-429,432-434,436,438-440,442,444-446,448-
450,455-460,462,463,467-475,482

UNION PO 275 (330 Units)

ITLU 602841-890,602941-603220

UNION PO 308 (50 Units)

ITLU 610851-900

TAIBEN PO 304 (600 Units)

ITLU 608901-609050,610401-850

HUNG PO 285 (1000 Units)

ITLU 606121-270,607871-608020,609451-900,611331-580

mitsui ENGINE. PO 273 (500 Units)

ITLU 601841-602340

HENRED PO 226 (148 Units)

SSIU 238870,882-900,239001-100,239273-300

TOSH PO 280 (700 Units)

ITLU 604118,125,146,147,151,152,171-254,261-870

HYUNDAI PO 289 (200 Units)

ITLU 607071-270

TOSH PO 315 (300 Units)

ITLU 614281-580

HYUNDAI PO 318 (100 Units)

ITLU 607271-370

HYUNDAI PO 287 (400 Units)

ITLU 605821-606120,971-607070

NIST PO 246 (200 Units)

SSIU 361941-982,983-362140

UNION PO 231A (30 Units)

SSIU 360137,156,214,271,277,281,285-287,294,296-298,
304,306,307,323,325,328-330,332-340

TAIBEN PO 284 (300 Units)

ITLU 605521-820

SIC PO 242 (22 Units)

SSIU 361447,450,496,513,516-519,539,541-548,552,
568,572,575,648

HYUNDAI PO 311 (400 Units)

ITLU 606271-670

40' STEELSCI PO 278 (172 Units)

ITLU 501691-790, 800, 813, 816, 839, 841, 863, 866, 867,
869-878, 883-888, 893, 899-902, 937, 938, 942,
943, 945-950, 953, 954, 965, 969-971, 977, 987-990,
818-839, 895

SNAV PO 299 (200 Units)

ITLU 503666-815, ITLU 504781-830

UNCN PO 276 (50 Units)

ITLU 501641-690

UNCN PO 309 (60 Units)

ITLU 504091-150

HYDA PO 245 (100 Units)

SSIU 308326-425

TOSH PO 281 (700 Units)

ITLU 501991-502090, ITLU 502091-290, ITLU 502391-790

TOSH PO 283 (300 Units)

ITLU 504181-480

HYDA PO 288 (300 Units)

ITLU 503091-340, ITLU 503416-465

HYDA PO 290 (50 Units)

ITLU 503466-515

TOSH PO 257 (300 Units)

ITLU 501001-300

NIST PO 241 (100 Units)

SSIU 307626-725

BERT PO 270 (50 Units)

SSIZ 060910, 060911, 060914-060961

20' BulkSIC PO 265 (100 Units)

ITLU 785001-100

TOSH PO 293 (60 Units)

ITLU 785101-160

20' STL O.T.INTECO PO 326 (100 Units)

ITLU 760651-750

SIC PO 264 (147 Units)

ITLU 760002,004-006,008,010-014,017-019,021,023,024,027,
030-032,034-038,040,041,043-052,054,055,057-066,
068-071,073,074,078-084,087-090,093-095,097,100,102-
103,105,108-110,112-120,122,123,126,131,133,136-
138,140-142,144,146-149,151-154,156-158,160,162-185,
187-199

INTECO PO 291 (100 Units)

ITLU 760401-500

THYSSEN PO 279 (50 Units)

ITLU 760202,203,209-213,218,220,221,223,224,231-244,
249,251,268,277-285,289,291-300,390

20' ALUM. REEFERFREIGHTERS PO 297 (36 Units)

ITLU 780426-461

BUDD PO 247 (50 Units)

ITLU 780001-050

NIPPON FRUEHAUF PO 248 (50 Units)

ITLU 780051-100

FREIGHTERS PO 253 (50 Units)

ITLU 780101-150

20' FLATRACKS

GRAAFF PO 261 (69 Units)

ITLU 792073,075,108,112,114,116,118,121,122,124,129
131,134-162,165,168,170,171,173,175-179,181,182,
184,186,188-191,195,196,198-200,202,204,205,208,
210

40' ALUM REEFERSBUDD PO 260 (49 Units)

ITLU 720001-034,036-050

40' STEEL O.T.SIC PO 263 (53 Units)

ITLU 700103-105,107-112,114-117,123-128,131,133,
138,140,141,150,156-160,164,165,173-175,177,
184-200

INTECO PO 250 (100 Units)

SSIU 407601-700

GEN SETSCARRIER PO 337-S (14 Units)

ITLS 000036-000049

CARRIER PO 1247-S (20 Units)

ITLS 000001-000020

CARRIER PO 298-S (15 Units)

ITLS 000021-000035

SCHEDULE I, Part C

<u>Lessee</u>	<u>Units</u>	<u>Road Numbers</u>	<u>Description</u>
1. Minnesota, Dakota & Western Railway	1	MDW 6099	100-ton, 50' 6" Boxcars with 15" end-of-car cushioning, AAR Mechanical Designation "XM"
2. Bath & Hammondsport Railroad Company	50	BH 25101-25150, inclusive	70-ton, 50' 6" Boxcars, with 10" end-of-car cushioning, AAR Mechanical Designation "XM"
3. Greenville & Northern Railway Company	50	GRN 8100-8149, inclusive	70-ton, 50' 6" Boxcars, nail-able steel floor, sliding 10' door, cushioned underframe, AAR Mechanical Designation "XM"
4. Savannah State Docks Railroad Company	100	SSDK 1000-1099, inclusive	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
5. The Texas Mexican Railway Company	50	TM 400250-400299, inclusive	70-ton, flush deck Flat Cars, AAR Mechanical Designation "F/C"
6. American Rail Heritage, Ltd. d/b/a/ Crab Orchard and Egyptian Railroad	50	COER 100050-100099, inclusive	70-ton, 89' flush deck Flat Cars, AAR Mechanical Designation "F/C"
7. Providence and Worcester Company	300	PW 60301-60600, inclusive	100-ton, 60' general purpose Boxcars with 15" end-of-car cushioning, AAR Mechanical Designation "XM"
8. Cadiz Railroad Company	33	CAD 1117-1147, inclusive	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
9. The Corinth & Counce Railroad Company	100	CCR 6400-6499, inclusive	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"
10. North Louisiana and Gulf Railroad Company	50	NLG 5551-5600, inclusive	70-ton, 50' 6" Boxcars, AAR Mechanical Designation "XM"

SCHEDULE I, Part D

LEASES

I. RAILCARS

<u>Lessee</u>	<u>Date of Lease</u>	<u>Interstate Commerce Commission Filing data</u>	
		<u>Hour and Date</u>	<u>Recorda- tion No.</u>
1. Minnesota, Dakota & Western Railway	July 26, 1978	February 22, 1979 (11:40 A.M.)	10129
2. Bath & Hammondsport Railroad Company	March 20, 1978	November 9, 1978 (3:30 P.M.)	9829
3. Greenville & Northern Railway Company	August 6, 1976	November 25, 1977 (1:15 P.M.)	9102
4. Savannah State Docks Railroad Company	July 24, 1978	July 18, 1979 (8:50 A.M.)	10636
5. The Texas Mexican Railway Company	March 15, 1978	October 17, 1978 (3:30 P.M.)	9778
6. American Rail Heritage, Ltd. d/b/a/ Crab Orchard and Egyptian Railroad	June 21, 1978	December 22, 1978 (3:55 P.M.)	9936
7. Providence and Worcester Company	March 13, 1978	December 19, 1978 (2:45 P.M.)	9924
8. Cadiz Railroad Company	November 10, 1976	January 10, 1977 (2:05 P.M.)	8654
9. The Corinth & Counce Railroad Company	April 29, 1977	May 27, 1977 (1:45 P.M.)	8838
10. North Louisiana and Gulf Railroad Company	July 21, 1977	November 10, 1977 (2:20 P.M.)	9073

II. CONTAINERS

Lessee

Itel Container International B.V.

Date of Lease

December 31, 1975

SCHEDULE II

STEERING COMMITTEE BANKS

Manufacturers Hanover Trust
Company

Citibank, N.A.

Chemical Bank

Bank of America National Trust &
Savings Association

Crocker National Bank

The Chase Manhattan
Bank (National Association)

Bankers Trust Company

First Pennsylvania Bank, N.A.

Midlantic National Bank

Banco di Roma

SCHEDULE III

LEASE ACCOUNTS

<u>NAME OF BANK</u>	<u>ACCOUNT NUMBER(S)</u>	<u>TYPE</u>
Crocker National Bank	060 147 760	Itel Railcar Lease Account
	060 147 787	Itel Container Lease Account

EXHIBIT 1
to Security
Agreement

SECURITY AGREEMENT SUPPLEMENT

SECURITY AGREEMENT SUPPLEMENT, dated _____, 1979, made and delivered by ITEL CORPORATION, a Delaware corporation (the "Company"), having its principal place of business at One Embarcadero Center, San Francisco, California 94111 to, in favor of and for the benefit of Manufacturers Hanover Trust Company, as agent (in such capacity, the "Agent") for the ratable benefit of the Lenders (as defined in the Security Agreement referred to below);

W I T N E S S E T H :

1. This Security Agreement Supplement is executed and delivered pursuant to the terms of the Security Agreement, dated _____, 1979 (as the same has heretofore and may hereafter be supplemented, modified or amended, the "Security Agreement"), made by the Company, to, in favor of and for the benefit of the Agent for the ratable benefit of the Lenders and pursuant to the terms of the Restructuring Agreement and Overrun Agreement referred to therein. The defined terms in the Security Agreement are used herein with their defined meanings.

2. The Company hereby confirms and reaffirms the security interest in the Collateral granted to the Agent for the benefit of each Lender under the Security Agreement and hereby represents and warrants that the representations and warranties set forth in paragraph 4 of the Security Agreement are true and correct on the date hereof and, in particular but without limiting the generality of the foregoing, with respect to the Collateral further described in Schedule I annexed hereto. This Supplement is delivered in furtherance of the Company's covenant to furnish to the Agent, from time to time, statements and schedules further identifying the Collateral. Schedule I annexed hereto is supplemental to and amends Schedule I annexed to the Security Agreement.

3. This Security Agreement Supplement shall be construed as supplemental to the Security Agreement and shall form a part thereof, and is intended to confirm, ratify and approve the security interest in the Collateral which was granted to the Agent pursuant to, and at the time of the execution and delivery of, the Security Agreement.

IN WITNESS WHEREOF, the Company has, by its duly authorized officer, executed and delivered this Security Agreement Supplement on the day and year first above written.

ITEL CORPORATION

By _____
Title:

ATTEST: (SEAL)

By _____
Title:

MANUFACTURERS HANOVER TRUST
COMPANY, as Agent

By _____
Title:

ATTEST: (SEAL)

By _____
Title:

STATE OF NEW YORK)
) ss.
 COUNTY OF _____)

On this _____ day of _____, 1979, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of ITEL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

 Notary Public

My commission expires:

STATE OF NEW YORK)
) ss.
 COUNTY OF _____)

On this _____ day of _____, 1979, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

(SEAL)

 Notary Public

My commission expires: